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THE ANTHRACITE COAL POOL.

WHAT terms of condemnation are too severe for combinations to control the supply and enhance the price of the necessities of life? Imagine that the capitalists engaged in the transportation and distribution of breadstuffs should decide that bread is too cheap. To remedy that unique evil, they combine the transportation routes of the country; gain possession of all the wheat-raising lands; cut down the wasteful and extravagant production of 400,000,000 bushels of wheat to 300,000,000; and by that means advance the price of flour from the ruinously cheap level of \$4.50 and \$5 per barrel to \$6 and \$7; enforcing upon the consumer on one hand, the lesson that he can subsist on less bread when his money will only buy three-fourths as much flour as formerly, and upon the laborer who raises the wheat, the practical demonstration that he must accept whatever wages may be allotted him. There is no doubt that such a plan might maintain an ideal prosperity for the capital engaged in it; but there is still less doubt that all the rest of the community would perceive in it a grave attack on their rights and welfare. Bread riots, insurrections, and plans for the redistribution of land which such schemes have provoked in ancient times are conceded by modern enlightenment to be blameworthy mainly for the ignorance and violence which made such protests injurious to popular welfare, rather than effective in abolishing the abuses that provoked them. Fortunately the production of food in this country is too vast, and the methods of transportation too varied, to permit a monopoly of food. Twenty years ago, we might also have thought that the laws of commerce were too well understood and the principles of justice too powerful, for the possibility of such schemes. But the success since then of projects differing from this only in the degree of their apparent impossibility, forbids us to longer rely upon

the conditions of our social system, as a guarantee against combinations to monopolize the necessities of life.

For the question is getting itself asked in rather imperative tones : How much better is it to tamper in this way with the fuel of the people, than with their food ?

Substitute anthracite coal for wheat and flour in the above imaginary case, and it is a mild summary of the combination to which Governor Pattison of Pennsylvania, and his Attorney-General, recently directed their attention. This alliance of railway interests was described by Mr. Lloyd in a former number of the NORTH AMERICAN REVIEW. It has been told that five railroad companies, engaged in transporting this fuel from the mining regions of Pennsylvania, consolidated their control by first gaining the ownership of seven-tenths of the anthracite coal lands, and finally uniting their action to restrict the total output of coal, allotting to each company a stated percentage of the arbitrary total. Mr. George's recent articles also included a graphic picture of the condition of labor in the anthracite regions under the rule of this combination.

The latest manifestations of this railway alliance induced the Governor of Pennsylvania to invoke the action of his Attorney-General, holding that such combinations are opposed to the general welfare, and violations of the Constitution of Pennsylvania, which declares that "all railroads and canals shall be public highways, and all railroad and canal companies common carriers ;" that every one shall have full right to the transportation of property over them, without discriminations ; and that no common carrier shall be interested "in mining or manufacturing articles for transportation over its works." This official assertion that the combination of railroads is illegal, oppressive to the individual and subversive of public policy, has elicited some not very consistent rejoinders from the gentlemen managing these corporations, some of them declaring that there is no combination but only a tacit understanding, while others acknowledge its existence but justify it as a device to keep up wages by keeping up the price of coal.

That the denial of the combination is only a *pro forma* plea in the court of public opinion, is shown by the words and acts of these gentlemen among themselves in administering its affairs. The Secretary of the combined companies writes to the officers of

the Pennsylvania Railroad expressing the wish that the latter corporation "should unite in the policy of restricting the output of anthracite coal." Meetings of the managers of these companies have been held at stated periods for years, with the result of limiting the production for one month to 2,500,000 tons, for another to 2,750,000 tons, and another to 3,250,000, at the same time advancing prices in one case 35c. per ton, in another 15c., and in another, "after considering the question of advancing prices," concluding not to do so until November 1. The effect of these frequent consultations was to maintain an arbitrary restriction of production several hundred thousand tons less than was actually sold in the same months of the previous year, for the undisguised purpose, by means of that artificial scarcity, of establishing an advance of 50c. per ton, with the hope of even higher prices.

The claim that this advance in price brings an advance to the wages of the miner, is best answered by the facts. No increase has been given to the miners on account of the late advance in prices, and Mr. Lloyd's article two years ago told how the early form of this combination vetoed an advance in wages by the device of prohibitory freight rates on the shipments of the private mine owners who had granted it. The dry statistics of census and labor reports also tell a startling story of the effect of this corporate union on the labor under its control. The United States census report on "Wages and the Necessaries of Life" shows that in the first decade of the combination, the average weekly wages of the miners were reduced 36½ per cent., while the retail price of coal in Philadelphia only declined 16⅓ per cent. The Pennsylvania Bureau of Labor Statistics reports, in the early years of the present decade, that the average cost of all labor represented in a ton of coal mined and ready for shipment was \$1.06 to \$1.10 per ton, while the retail price in Philadelphia was maintained at \$6.00 to \$6.50 per ton. A table of the comparative cost of mining, published by one of these corporations in 1878, shows the reduction in the five years previous to have been nearly 60 per cent. If this were all, it would be a sufficiently severe commentary on the claim that this policy keeps up wages; but there is more behind. For the scheme of benefiting labor by restricting production issues orders by circulars that, "the anthracite coal interests have agreed upon a suspension of coal mining" on specified dates, aggregating two working weeks of a single month, and that, "it is essential that the min-

ing, hoisting, preparation, and loading of coal be entirely discontinued." This method of protecting the companies from the calamity of having too much coal sent to market, has been continued for years, with the result shown in the report of one corporation, of allowing the miners to work 167.7 days in 1878 ; 227½ days in 1883 ; and, between those two extremes, a total of 1,628 days work in the past eight years. The unembellished story of these statistics begs criticism. What more is necessary to be said regarding this device as a friend of the miners, than the cold statement of the figures that its peculiar policy has forced them to stand idle more than one-third of the time, or an average of 110 working days each year ? Taking the actual average wages reported by the State Bureau of Statistics up to 1885, as affected by the enforced idleness, it shows a reduction of nearly 60 per cent. from the ante-combination period, while the fall in the price of coal was less than 20 per cent., wages having reached that level of modified starvation indicated by a weekly average of \$6.67.

Add to these figures the fact gleaned from the railroad reports, that the rate of freight charged by the anthracite coal railroads has been sustained for the last sixteen years between 1¾ and 1¼ cents per ton-mile, while the fall of prices and economies of transportation have brought down the average rate on the high and low class freights carried by the trunk lines 50 per cent., to less than ¾ cent per ton-mile. The fact that this policy has maintained charges on the inexpensive coal freights at twice the average rate, and three times that on the more expensive grain traffic of the trunk lines, makes it easy to estimate the character of this combination. The meetings of the corporation magnates, their orders to restrict the production of coal, to advance prices and to stop work in the mines, show us an alliance to maintain arbitrary rates for the transportation and distribution of coal ; to prevent competition among themselves ; and the binding feature of their device is to restrict the supply so that the markets which in a given month of one year consumed 3,300,000 tons of coal, can now be forced to pay as much for the 2,750,000 tons to which they are limited. The barrier thus erected between the miner and the consumer is for the sole benefit of the corporations and dealers transporting and distributing the coal. Against a decline of one-half in the general rate of railroad carriage, the anthracite roads maintain their old charges. Wages decline 36 per cent. in ten years and the enforced

idleness for one-third the working time increases that reduction to an alarming proportion. Suppose the double rate of freight charges thus maintained to extend throughout the margins secured to subordinate corporations, agents and favored dealers, and it may explain the remarkable distribution of one-sixth the price of the product for the arduous and hazardous labor of mining and five-sixths for the capital and middlemen who haul and distribute the coal to markets one or two hundred miles away. Even the failures which have occurred in the maintenance of this compact reveal its arbitrary purpose of sustaining prices. One of the pleas of avoidance and confession by which the movement of Governor Pattison was met, was that "Coal has been selling this year at seventy cents a ton less than the prices of 1884." But what is the cause of this decline? Simply that the Pennsylvania Railroad, in revenge for the invasion of its own territory by one of the anthracite roads, entered into competition with the combination. The competition was not universal. Merely a province of the coal empire was invaded. Yet the slight approach to competition reduced prices in the eastern markets seventy cents per ton, and added thirty days to the working time of the miners. But the policy of these corporations is sufficiently illustrated by the fact that, as soon as the great corporate object of preventing competition on all sides was gained, the work of restricting production and putting up prices was resumed.

What is the moral and social aspect of such a combination? Lest the attempt to properly characterize it should betray me into the use of language that might seem extravagant, I will confine myself to quoting the expressions of some eminent judges with regard to similar, or even less threatening, combinations. The Governor's appeal to the Constitution of Pennsylvania is answered by the corporations with the claim that their charters ante-date the Constitution, and are, therefore, exempt from its restrictions. But there are principles of law which existed before either their charters or the Constitution. Some of the most cogent declarations of the bench on this subject have been uttered by the Supreme Court of Pennsylvania. Of a similar, though less stupendous, arrangement to combine five bituminous coal companies, that Court declared: "Such a combination is more than a contract; it is an offense. In all such combinations where the purpose is injurious or unlaw-

ful, the gist of the offense is conspiracy." In the early part of the century, the eminent Judge Gibson, on the same bench, said : "I take it that a combination is criminal wherever the act has a tendency to prejudice the public or oppress individuals by subjecting them to the power of the confederates." Of a combination of salt manufacturing companies, the Supreme Court of Ohio declared its illegality when "the tendency of an agreement is to establish a monopoly and destroy competition." Long before railway combinations or anthracite coal pools were dreamed of, the Supreme Court of Massachusetts, speaking of agreements in restraint of competition, used these prophetic words : "They expose the public to all the evils of monopoly. This is especially applicable to large corporations who have the means, unless restrained by law, to exclude rivalry, monopolize business and engross the market." Not only does the common law prohibition of agreements to abolish competition apply in this case, but the very conditions on which railway charters are founded, as laid down by the Supreme Court of the United States in 1844, and repeated in every case where a railway has secured its right of way by legal proceedings, specify that if the effect of the charter would be to establish a monopoly, not even the Legislature could grant the powers of the State for such a purpose, "as it is opposed to every constitutional principle which protects the right of property."

"But," say the railway presidents, "This is an attack upon business prosperity ;" and one financial writer, in a sort of logical panic, terms it "an attack on \$700,000,000 of capital." Here we reach the real foundation on which this extreme and yet typical example of the policy of combination between railways rests. "Capital must be protected against ruinous competition," is the gist of all the arguments in favor of that policy. It makes no difference to the advocates of this plea, that the capital to be protected in this case forms but a portion of the property interests of the country. Capital in general must compete for permanent investments until it reduces the current interest upon the best security to 3 per cent.; capital engaged in farming, in house-building, in merchandizing, and in manufacturing, all must accept the share of profits allotted them under the regulation of full and free competition. But the tithe of the capital of the country engaged in railway transportation claims exemption from this

regulative force and combines to secure what profits it considers just. It does not matter that the devices raise the cost of the necessities of life to the consumer ; it does not matter that the combinations are forbidden by constitutional law and denounced by the courts as conspiracies. Constitutions and economic law must be set aside to secure to this single form of capital its sacred dividends ; and the astounding nature of the claim shines out of the fact that the only power by which these corporations are able to suppress competition, lies in their possession of the routes of transportation, obtained by the exercise of the most supreme act of sovereignty in their favor, upon the condition, as declared by a hundred decisions, that it is used to establish public highways.

The utter viciousness and falsity of this idea, from a purely economic view, must be laid aside to consider the far vaster and more imperative subject of its effect on our social order. For, besides the injustice, illegality, and restrictive influence upon commerce which is to be charged to it, the policy of which the anthracite coal pool is at once the climax and exemplar, shows its gravest aspect in its direct influence for the disadvantage and discontent of labor. We wonder at the frequency of denunciations against capital, and cannot understand the paradox of socialist, and even anarchist, opinions under a popular government. Yet that wonder is blind, and we are likely to fail of any understanding either of the merits or the dangers of the social problem until we perceive in such combinations as these that their most fatal effect lies in the lesson that they teach to labor. The working-man in the East finds that he must buy fuel to warm his family at such prices as capital chooses to fix in its own interest, and the miner in the coal districts must accept what wages the same power may choose to allow him. Upon the ordinary laborer the effect of this is simply to create a blind sense that he is at the mercy of capital, and is allowed just as much fuel or wages as may suffice to sustain him at his work. But the more the laborer understands of this policy the more clearly does he see that its workings are unequal, and that the inequality invariably operates to his disadvantage. The example under consideration presents to the masses the following principles as the basis of corporate action :

First—Capital, organized into great corporations, must be protected against competition for the sake of earning such profits

as it considers proper, while the laborer is left subject to that influence.

Second—It must be permitted by this means to enhance the price of a necessary of life to the consumers on the one hand, and to crowd down the wages of the producing laborers on the other.

Third—The principles of constitutional and economic law alike, with which this policy collides, must be suspended in the interest of "business prosperity."

Such theories present business, not in the true and beneficial light of seeking under competition to perform services at the least possible cost, but in the false and oppressive light of extorting the greatest possible profits from the masses by the abolition of competition. They eliminate justice from the system of social economy and reduce that science to an absurdity. One of the gravest features of modern development is the concentration of large masses of capital in control of various industries. This tendency is justified in most cases by the ability of the concentrated capital to render the services or manufacture the products more cheaply, by reason of its strength and organization. Yet when this concentration is carried to its utmost extent, attaining the strength of hundreds of millions of dollars and the perfect organization of half a dozen great railways, we are met by the declaration that they, and they alone, will be ruined by competition. Of all forms of capital, the most thoroughly concentrated cannot endure the competition that every small farmer and retail shopkeeper in the land must meet; and the cheapness and enlarged production to be obtained by concentration resolves itself into high prices maintained by an arbitrary restriction of the supply! This phenomenal theory displays itself in the most extravagant contrast, by bringing the exemption from competition for which the greatest corporations combine, into close contact with the full competition that acts upon the hundred thousand miners who seek to earn their wages, and the ten million consumers who seek to buy their coal. The laborer finds competition working against him and not against the capital which rules the employment of his labor or the supply of his fuel. When meetings of capitalists use their control of the transportation routes to advance the price of coal to consumers at the rate of \$15,000,000 a year, by the lever of enforced idleness for the miners, with a loss in wages of \$10,000,000 more, is it any

wonder that labor agitators find ready listeners to the declaration that the system which permits such things is framed solely for the benefit of capital? When competition is thus made inoperative against the most powerful aggregations of wealth, and put in force against humble miners and needy consumers, can we blame those classes for regarding it as the enemy and oppressor of labor?

But the mischief is not half ended with spreading a false idea concerning the operation of a great commercial force. Next to the stupendous cruelty and selfishness of "corners" in the necessities of life, their most vital harm is in the lesson they teach of hatred and contempt for the system of laws under which such wrongs are inflicted upon the masses. The vast body of workingmen who are brought into contact with this combination suppose that it is upheld by the law. They see its purposes carried out successfully. The price of coal is put up; its supply is restricted; and the miners stand idle one-third of their time. The property of the corporations is protected by the law, and their managers are leading members of a society in which the law is supposed to be supreme. Is it strange that the uninstructed workingman, seeing these things in his half-filled stove or his slender wages, should come to the conclusion that the law makes the incorporations of capital the masters of the people? Does it any longer seem inexplicable that the Socialist is able to make needy laborers believe that our system of government is an ally of wealth and an enemy of the poor? And if it were true that our laws gave capital the right to exact arbitrary prices from the public and to order labor to stand idle for the increase of its profits, could we say that the Socialist is wrong?

The case is better than that—and it is worse. It is better, because, as has already been shown by the declaration of the highest court of Pennsylvania, the law denounces such offenses as criminal conspiracies, and the principles of the legislation on which these corporations were given their existence carefully guards against their employment for such injurious purposes. It is worse, because the supineness of the people, the subservience of politicians, and the benumbing influence of great wealth on the administration of justice, have allowed the laws to be defied and the essential conditions on which these corporations obtained their existence to be violated and ignored. The fatuity of this policy is nowhere more apparent than in this, that it sets the ex-

ample of violating the laws. Such lessons "teach bloody instructions, which, being taught, return to plague the inventor." The very elements of modern society most concerned in stability and good order not only place before workingmen the example of over-riding law, but force them to imitate it. The laws of the country and the principles of trade are set aside for the sake of giving capital the sacred dividends it considers its due; and workingmen learn in this that they can ignore the same laws for the right, no less sacred to them, of sustaining their families. Corporations nullify the constitutional restrictions placed about them; and the burden of the violation bearing especially upon the laborer, it teaches him to break over his constitutional restraints, by riots and boycotts. Only a few weeks ago, a New York court enjoined the restrictive work of a musical trades union on the broad ground that combinations in restraint of trade were null and void, and in the past year trades unionists have been sent to prison for the form of conspiracy known as the boycott. At the same time this combination of capital flourishes unchecked, and only last October it was announced that the coal railroads had put a Western firm under the boycott of capital for refusing to advance the prices of coal, and would cut off its supply. With the lesson set before them by this false and destructive principle, that the laws which restrain vast aggregations of capital are null and void; that conspiracies forbidden to trades unions are practiced with impunity by combinations of railways, the natural result is to fan the discontent of workingmen into the fuel of riots, to make them support their strikes by violent attacks upon all who attempt to work against their will; to drive them to the teachings, not only of theorists who declare that relief must be sought by peaceful and Utopian Socialism, but of the inflammatory demagogues who declare that the entire system of society is an oppression, and that the rights of labor can only be secured by overturning the whole fabric into a chaos of revolution and anarchy.

Such doctrines and their provocation are alike fatally wrong. It is not true that competition is an enemy of labor. The effort of workingmen should be not so much to abolish the competition that acts upon their wages, as to summon to their relief the competition of a free demand for their work. Were there the same competition for the labor of the anthracite coal miners that

there is for the wages paid by the coal companies on the one hand, and the same competition in supplying fuel to the consumers as there is among the consumers to obtain that fuel on the other, capital would no longer command the situation. The public need, as well as the need of labor, is to invoke the aid of the law against the alliance of corporations, which, while availing itself of the competition of both miner and consumer, abolishes that principle in its own favor, and sets its united strength between a hundred thousand competitors of the former class, and ten millions of the latter. For it is no less false that our laws permit or ignore such attempts of aggregated capital to impose burdens upon the people. The fault is not in the law, but in the neglect to uphold and enforce the law. The very principles on which this government was founded furnish the complete remedy for every such threat to popular welfare. As I have endeavored to show exhaustively in another form, the constitutional conditions on which the railways obtained their existence are declared by the greatest jurists to forbid the use of even legislative power to establish exclusive privileges, or to maintain any measure of reward for capital than the only just one of competition. The remedy lies in an appeal to what Chief Justice Merton, a half century ago, called "our constitutional prohibition of monopolies," and the enforcement of the obligations of the railways as public highways. But if corporate influences stifle that appeal, and continue to set the example of lawlessness which first produced its results in the Mollie Maguire outrages among the laborers of this very combination, what will be the result? Are the excesses of the French revolution to be charged to the ignorant and desperate people who revolted from tyranny, or to the tyranny that ground them down so long that their rising could only be a frenzy of ignorance and despair? The red spectre of Nihilism is begotten by the oppression of absolutism; and if Socialism vexes this country, its paternity must be traced to the illegal privileges usurped by great combinations of capital. If combinations to enhance the price of fuel; combinations to establish monopolies in light; combinations to keep up the price of meat, and combinations to impose the burden of hundreds of millions of watered railway capital upon commerce, and through it upon labor, shall continue to concentrate the wealth of society into few hands, and set the example of contempt for law and justice, until the masses are

incited to revolt and anarchy, will the great and powerful capitalists, or the ignorant and needy laborers, be responsible for the ruin wrought upon the magnificent promises of this country ?

Such issues as these I conceive to be involved in the effort of the Governor of Pennsylvania to bring the Constitution of the State to bear upon the combination which maintains an artificial scarcity of coal by the device of enforced idleness to labor. Other violations of the Constitution by the railways have engaged his attention ; but none of them come more directly into collision with the rights of labor than this. A slight ray of light is thrown into the gloom of the picture, by the fact that one Governor, at least, has been found to protest against the idea that if the combination of capital is great enough, it is greater than the law. But a state executive, whose term of office has already expired, could do little more than commence the effort to make the laws effective ; and the question whether the effort is to be continued must be decided by others. That decision must rest, not alone with the laboring classes, or with the rulers of the financial world, but with the whole people. Can there be any more vital and universal public duty than the prevention of Socialistic agitation and Anarchist outbreaks, by abolishing the power of corporations to control the necessities of life, and by enforcing the laws against conspiracies of wealth, as well as against conspiracies of poverty ?

JAMES F. HUDSON.